

# **EXHIBIT 90**

# **REDACTED**

**PStaff Meeting - 5/29/18:** DVIP 2019 and beyond

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**Key Components of this Doc:**

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**EXECUTIVE SUMMARY**

The core mission of our DVIP program is to drive committed non-search growth while deepening our long term partnerships with agencies and advertisers. We achieve this through several key deal structures inclusive of DVIP Upfronts, Agency Capability Fund deals (ACF), and KPI deals all of which aim to either lock in 12 month display/video commitments or promote strategic product behavior (more detail [here](#)).

**2018 Early Results:** We made several critical changes to our DVIP program designed to

1. Better meet market needs
2. Maximize overall value while prioritizing YT and Network growth and
3. Deepen agency partnerships.

The changes have resonated well in the market resulting in [REDACTED] DVIP Upfront deals closed YTD, totaling [REDACTED] % Y/Y growth vs. program target of [REDACTED]. We expect to deliver our full year target of [REDACTED] in DVIP upfront deals.

**2019 Key Changes and Asks:** We intend to expand on the success of the 2018 program with several key changes:

1. **Increased flexibility** through the expansion of "country level modularity" and introduction of new levers for large multi-year renewals and GMS clients.
2. **Maximize value** through new qualifying spend formats (Waze, PG/PD) as well as improved DIF menu items.
3. **Evolve our client partnerships** through markets' ability to disproportionately reward "winners" and deprioritize non-strategic partners while also expanding our services offering for agencies.

To support the above, we'll require 3.5 HC for DVIP 2019 to be disbursed globally.

**2019 and Beyond:** As we consider the future of the program beyond the proposed 2019 changes, we must think about program fundamentals, namely **what media we'd like to incentivize through DVIP**. As part of this discussion, we'd like to focus specifically on the role of Machine Learning based formats (i.e. Universals).

**Desired Outcome:**

1. Approve initial 2019 Program Design including enhanced program offerings, updates to qualifying spend and key regional asks.
2. Align on additional qualifying spend considerations, specifically the role of machine learning based formats (i.e. Universals).



## 2018 PROGRAM IMPACT TO DATE

For the 2018 program we made several critical changes to the program designed to:

1. Better meet market and customer segmentation needs
2. Maximize overall value while prioritizing YT and Network growth
3. Deepen Agency Partnerships

The changes have resonated well in the market resulting in [REDACTED] VIP Upfront deals closed YTD, totaling [REDACTED] % Y/Y growth vs. program target of [REDACTED]. The closed deals are pacing slightly below targets out of the gates [REDACTED] but we expect to deliver our full year target of [REDACTED] in DVIP upfront deals [REDACTED] (de-duplicated revenue).

As in previous years, one area of concern continues to be performance of Agency upfront DVIP deals which represent roughly [REDACTED] of our DVIP Upfront portfolio. They are on pace to grow [REDACTED] Y/Y and achieve [REDACTED] of commitment (vs Advertiser DVIP Upfronts which are growing [REDACTED] Y/Y and on pace for [REDACTED] of commitment.) Our ACF deals are on pace to grow slightly below XCH revenue [REDACTED] % Y/Y.) It is worth noting that the deals that are tracking behind are largely due to underperformance on their YT growth targets (an updated requirement as of 2018).

With that being said, the "full flex" approach in UK, DE, and IT has not only shown a path forward for viable ACF alternatives, but has also led to agencies committing to spend above and beyond market level growth targets (i.e. UK agency commit growth is [REDACTED] vs business plan of [REDACTED]). This initial success has informed our approach to 2019 design.

## 2019 KEY PROGRAM CHANGES

For 2019, we intend to expand on the success of the 2018 program with the following key changes:

### Increased flexibility to better meet market and customer segmentation needs

- **Modularity Expansion:** Enabling markets and/or HoldCo's to convert ACF rebates into other value drivers (KPI deals, Bulk Inventory Deals, increased DIF for Upfront commitments). In 2019, we'll expand to an additional 9 markets pending they meet necessary criteria, inc RMDR approval.
- **Mature:** Introduce a dynamic "Advertiser Ignition" deal structure for a subset of high-value advertisers to reward outsized performance through the release of added value (media credits or cash) beyond stretch commitments.
- **Emerging:** Fuel the next generation of "deal ready" accounts by enabling DIF for GMS DVIP clients

### Maximize Value

- **Qualifying Spend:** Include Waze, AdX via PG/PD
  - Note: PG/PD will count as DVIP Upfront and ACF Qualifying Spend. PD will count towards ACF Benefitting spend. PG will be excluded from ACF BS. 3PE via PG/PD still outstanding.
- **Media Credits:** Introduce "like for like" media credits to enable true media cost savings and encourage new format adoption (pending product approval)
- **Hybrid Grids:** Expand last year's pilot of converting discount value into additional DIF to new markets in EMEA. Continue to offer in US, JP.
- **SVA integration:** Continue to support and integrate our Strategic Value Adds program into deal constructs. Develop full value of partnership external reporting.

- **One Google DIF:** Formalize our Cloud DIF pilot, enabling GCP fee relief as well as continue to support our 3P platforms ecosystems through DCMP fee relief

#### Evolve Agency Partnerships:

Over the last six months, we've conducted a holistic internal/external review of our ACF and KPI programs, inclusive of a global/local agency listening tour and internal/external audit. Despite our initial hypothesis that we needed to accelerate a glide path toward ACF removal, what we've actually found is that volume based rebates and KPI deals can still be effective in satisfying existing market needs. Furthermore, we can sufficiently minimize any risk of collusion and competition with the right controls in place. To that end, we feel confident in moving to a world with more flexibility at the market and partner level that enables us to disproportionately reward the "winners" and deprioritize less strategic partners in a risk managed way.

#### Key Changes for 2019:

- **The Right Controls:** Decouple KPI and BID deals from ACF. Cap KPI deal volume at \$xM (TBD).
- **The Right Level of Transparency:** Ensure ACF grids are discoverable upon request from clients
- **Meeting Market Needs:**
  - Enable markets the ability to invest in priority partnerships (inc new entrants) while deprioritizing non-strategic ones through the expansion of "Full Flex" while also improving our KPI, BID, and DIF structures.
- **New Agency Pilot Offerings:**
  - [Agency Service Module] - Modularity component and DIF item for agencies to partner with gTech premium to enable custom technology engagements
  - [3P TVCs] - 3P TVC resources to agencies to support campaign management

#### 2019 KEY ASKS [FINANCIAL & HEADCOUNT]

For 2019 we intend to deliver [REDACTED] in deals with [REDACTED] in incentive value [REDACTED] in ACF + [REDACTED] in DIF) with a net P&L impact of [REDACTED] maintaining a flat cost of program of [REDACTED] of total qualifying spend.

All figures are in \$M

Item	P&L Line	YT	Display	Total	YT	Display	Total	YT	Display	Total
Contra Revenue										
ACF	Savings in CAC									
Net										
DIF	Net Rev. reduction									
BI	CAC Paid									
Total Costs										
Total DVIP Revenue										
Total Google Revenue										
% of DVIP										
% of Google										

**Note:** P&L view inclusive of PG/PD, Waze. Excludes potential [REDACTED] in additional ACF payout related to higher ACF growth tiers achieved through PG/PD growth

In order to support this level of growth driven by key program changes, we will need the following:

- 3.5 total HC to support the increase in flexibility and support global systems & operations
  - **APAC:** 1 Legal, 1 Sales Finance
  - **EMEA:** 1 Legal TVC (6 months)



- ▷ **Global DVIP:** 1 Accounting FTE
- Product Support for Media Credits offering (critical to both DIF as well as Advertiser Ignition)
- Regional carve out of funds to support one critical pilot in each region
  - ▷ **AMS:** YouTube specific incentives above and beyond DVIP commitment (incremental)
  - ▷ **APAC & EMEA:** "Earn as you go" incentive pilot for select performance clients
- Dedicated gTech Premium Support for Agencies to be funded through ACF conversion, DIF, or additional regional HC request

#### FOR DISCUSSION: 2019+ Future of our Program

Given the planned/expected evolution in our product portfolio as well as the role/source of media decision makers, we are considering three critical questions as part of 2019 DVIP program design:

**WHAT:** What media should be included in our DVIP program, specifically how should we recognize and treat machine learning based formats (i.e. Universals)?

**WHO:** Who will be the media decision makers most influenced through incentives?

**HOW:** How should we package and deploy commercial value to maximize perceived value while maintaining a sustainable program cost structure?

For this P-Staff conversation, we will focus on the "What" as it is the foundation of the program and applies globally whereas the "Who" and "How" will vary based on local market dynamics. Specifically on the "What", we will focus on the role of machine learning based formats (i.e. Universals).

**Context:** Today we include the Video and Display portions of Universal App Campaigns as part of qualifying spend. This format is one of the largest growth drivers in our overall business (██████ Y/Y) and is becoming an increasing portion of our DVIP portfolio (██████ of total QS and ██████ of total growth by 2019). In 2018 we will pay ██████ of ACF on this media which is ██████ of estimated 2018 ACF payouts and by 2019 we expect these payouts will be ██████. At the core, we'd like to determine whether incentives are required for formats with ML-based, automated buying that optimize towards a specified ROI or if the performance of these formats alone should enable them to effectively "stand on their own" and not require additional incentives.

To inform our recommendation, we considered the decision in the context of the five principles of our DVIP program that we agreed in March 2017.

#### #1 Drive non-search growth

#### with a focus on YT and Network

Universal App Campaigns have experienced rapid growth (109% Y/Y) and it is difficult to isolate the specific elements driving this growth. However, in performing an initial analysis on the top 10 app spenders, we've found that ██████ of them did not have a DVIP in 2017, inc 2 of the top 3 that spent in excess of ██████ with over 100% Y/Y growth. In addition, ██████ of the top 10 app spenders covered via DVIP show Y/Y decline in growth of their display/video share of app promo. Lastly, we have numerous anecdotal cases such as with ██████ (#2 gaming publisher) where the client has no DVIP yet is still allocating ██████ of their total marketing budget to Google based solely on UAC performance. Given these data points, it is not clear that incentives are necessary to drive growth on these formats beyond market trajectory. However, market feedback suggests that our format is not as robust as our competitors' and therefore may still benefit from an incentive to continue to drive growth.



**#2 Motivate customers to****while supporting profitable growth**

Supporting the acceleration of Universals is clearly strategically important to Google. However, the nature of our Universal format is such that it is inherently more strategic for our clients as it automatically optimizes across the best platform to meet a client's objectives, not necessarily the platforms that support the most profitable growth for Google. In addition, the platform agnostic nature of UAC, doesn't lend itself to an incentive program that inherently rewards Display/Video only. Lastly, we've seen that the largest App clients lack diversity across our other Display/Video formats. However, given that Universals is still a relatively nascent format, one could argue that a well-structured incentive will help accelerate adoption, particularly amongst advertisers that are less impacted by brand safety concerns.

**#3 Give Google a****relative to local market competition**

Facebook is offering robust incentives on all performance spend and can be up to a 10%+ rebate in some markets. Given this, it may be necessary for us to offer an incentive to ensure we are on a level playing field, especially for agencies who are dependent on this rebate to sustain their business.

**#4 Offer****within global guidelines**

Currently we see a vast discrepancy across markets on the percent of total spend and growth coming from performance media ( DVIP covers [REDACTED] % of UAC rev. in GRCN / [REDACTED] in US & EMEA). Moreover, we recognize competitive dynamics vary dramatically across markets. Given this, if we choose to remove Universals from DVIP and ACF qualifying spend, we recommend developing a bespoke incentive that is more aligned to the strategic objectives of these heavy app spenders so as to mitigate potential revenue risk. Specifically, we recommend introducing a program to incentivize more strategic behaviors associated with this format, consisting of a base level rebate while promoting adoption of formats outside of UAC. In addition, we suggest incentivizing creative development and creative effectiveness.

**#5 Build agency capabilities to****and**

Currently agencies are receiving [REDACTED] in value from these formats via ACF vs [REDACTED] for advertisers via DIF. The portfolio mix of these agencies is heavily skewed towards performance media, demonstrating they are not effectively upselling other products. Moreover, these tend to be independent agencies where we see significant turnover of accounts - and the agencies rise and fall quickly - limiting our ability to foster long-term relationships. However, inclusion of UAC could be necessary to motivate brand agencies to integrate more performance formats into the overall media mix allocation for their clients.

As evidenced by the above, solving for the role of Universal based formats within DVIP is a challenge. However, by filtering this decision through our core DVIP principles, we believe there are three potential options that we should explore for the 2019 program year.

Include everything non-search, non-text (i.e. current program)

**What You Have To Believe:** Maintaining and incentivizing the largest topline commitment is critical to influencing the first order decision of *choosing* Google vs our competitors

**Pros**

- Ensures maximum overall value is allocated to Google and gives us the largest top line number

**Cons**

- Risk of rewarding performance media we may earn regardless of incentive

- |   |  |
|---|--|
| - Aligned with competitive offerings (FB, SNAP, TWTR) who are rewarding performance media |  |
|---|--|

Include everything non-search, non-text.

Exclude all universals (i.e. UAC, Shopping)

**What You Have To Believe:** Universal based formats' automated buying behavior which optimize to a specified ROI stand on their own merit and do not require additional incentives to influence buying behavior (comm doc).

<b>Pros</b> No clear data that proves current inclusion is driving incremental growth Potential to repurpose funds to increase DIF for brand advertisers or other regional big bet pilots	<b>Cons</b> - Not driving largest topline revenue commitment - May lose competitive positioning - Potential deterrent to one of our largest growth areas
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Maintain Universals within DVIP and ACF

qualifying spend. For markets with disproportionately high share of UAC, move to a full flex model to enable smarter incentives that support market needs, namely app specific KPIs, DIF for creative production, and volume based rebates when needed.

**What You Have To Believe:** While in theory a format like UAC should stand on its own performance, it is important to continue to incentivize this spend to maintain competitive positioning and format growth. However, we can enable more flexibility in market to strategically incentivize priority app clients and agencies in an effort to accelerate growth not just on UAC but other Display/Video formats as well.

<b>Pros</b> - Secure largest topline revenue \$ - Align app incentives to creative and format diversification needs - Mitigate risk of revenue loss	<b>Cons</b> - Rewards a format that may stand on its merit
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#### FINANCIAL IMPACT OF THREE OPTIONS

Qualifying Spend			
Total ACF Payout			
Universals			
Funds for Redeployment	N/A		N/A

\*APAC FFM would become IN, JP, and CN

**Recommendation:**



**For 2019 and beyond:** While from a principled lens, we believe UAC should stand on its own merit, there's reason to believe that we may need to continue to incentivize this spend to maintain our competitive positioning in market. If that's the case, we propose that we'd move to a 'full flex' model in markets with a disproportionately large share of UAC (namely CN, IN, JP) to enable them to leverage app focused KPIs, DIF for creative production and volume based rebates on a partner by partner basis (Option 3).

## **APPENDIX**

### **KEY PROGRAM COMPONENTS:**

Our DVIP program consists of three primary deal types: DVIP Upfronts, Agency Capability Fund, and KPI deals

- **DVIP Upfronts:** Agencies and advertisers make an upfront, annual commitment to spend on display/video properties in exchange for a discount on their reservation based spend and access to Discretionary Incentive Funds (DIF) to be used for items such as creative production, 3P research, and platforms fee relief.
- **Agency Capability Fund (ACF):** Volume based rebate program for agencies whereby Google provides cash back at the end of the year based on an agencies ability to meet Y/Y growth targets, YouTube growth targets, and training requirements
- **KPI Deals:** Agency only program whereby agencies receive cash at the end of the year for successful completion of strategic, mutually agreed upon Display/Video KPIs
- **Financial Snapshot:** We'll expect [REDACTED] of display/video revenue to flow through our DVIP program in 2018 fueled by [REDACTED] in Discretionary Incentives Funds, over [REDACTED] in ACF rebates, and roughly [REDACTED] in KPI payouts. The vast majority of our programs' "hard cost" lies in ACF